



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
REGION IX  
75 Hawthorne Street  
San Francisco, CA 94105-3901

CERTIFIED MAIL# 7008 1140 0004 5421 1903  
Returned Receipt Requested.

CERTIFIED MAIL No. 7008 1140 0004 5421 1897  
RETURN RECEIPT REQUESTED

W. Harrison Merrill  
President  
Florence Copper, Inc.  
975 Johnson Ferry Road, Suite 450  
Atlanta, GA 30339

Marchand Snyman  
Director  
U1 Resources, Inc.  
14605 Hunt Highway  
Florence, AZ 85232

**Re:** Response to Notification of Transfer of UIC Permit #AZ396000001 from Florence Copper, Inc. to U1 Resources Inc.

Dear Mr. Merrill and Mr. Snyman:

United States Environmental Protection Agency, Region 9 (EPA) has received the application for Transfer of the UIC Permit #AZ396000001 and the agreement between Florence Copper, Inc. and U1 Resources Inc. Pursuant to 40 C.F.R. §144.38, EPA hereby notifies the existing permittee and the proposed new permittee that the automatic permit transfer is denied because U1 Resources has not demonstrated sufficient financial responsibility for the site, and because EPA needs more information about the activities at the Florence Copper Mine.

Pursuant to the federal UIC permit condition Part II.L.1, the permittee is required to maintain financial responsibility and resources to meet the restoration and plugging and abandonment requirements established in the permit. As noted in your application, the current permittee is in bankruptcy and has not maintained the required financial responsibility and resources. U1 Resources must submit a third party closure, plugging and abandonment, and post-closure cost estimate, updated to reflect inflation, and show evidence of financial assurance for sufficient funds acceptable to EPA. If U1 Resources submits an acceptable financial assurance mechanism to the Arizona Department of Environmental Quality (ADEQ) for appropriate closure and post-closure of the facility, EPA may accept this

assurance, in part, for the necessary demonstration of financial responsibility. However, EPA may also determine that an additional mechanism is necessary to guarantee sufficient funding for the subsurface closure and post-closure of the facility to insure adequate protection of Underground Sources of Drinking Water.

In accordance with 40 CFR §144.41(d), EPA may make a minor permit modification to reflect the change in ownership of a facility where EPA determines that no other change in the permit is necessary and an adequate transfer of responsibilities, coverage and liabilities is provided. In order for EPA to make this determination, U1 Resources will need to provide the financial assurance, discussed above, and provide us with further information about its planned activities.

EPA has been informed that U1 Resources may conduct a feasibility study of the site. U1 Resources will need to provide the details of such a study so that EPA can determine if the proposed activities are authorized by the existing permit. Alterations or additions to the permitted activities, or new information regarding the activities and their potential effects, may be cause to modify, or revoke and reissue the permit subject to 40 CFR §144.39. Permit reissuance would trigger the public participation requirements of 40 CFR Part 124. Please also be aware that UIC permit condition Part II.C.5. requires at least thirty days advance notice to EPA of any planned physical alterations or addition of new wells. A demonstration of mechanical integrity will also apply (see permit conditions for mechanical integrity at II.E.2.).

Thank you for your prompt attention to this matter. If you have any questions, please contact me at (415) 972-3971, or Nancy Rumrill of my staff at (415) 972-3293.

Sincerely,

A handwritten signature in blue ink, appearing to read 'D Albright'.

David Albright  
Manager, Ground Water Office

March 24, 2010

cc: John Lacy, Deconcini McDonald Yetwin & Lacy  
Michele Robertson, ADEQ